

Message Text

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70

ACTION EUR-25

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 PA-03 PRS-01 USIA-15 DRC-01 /157 W

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R 261810Z SEP 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 7669

UNCLAS BONN 13972

DEPT PASS TREASURY, CEA AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: ECON, GW

SUBJECT: NEW GNP PROJECTIONS

1. DURING THE SEPTEMBER 25 "CONCERTED ACTION" MEETING OF GOVERNMENT, MANAGEMENT, LABOR AND CENTRAL BANK REPRESENTATIVES, STATE SECRETARY SCHLECHT OF THE ECONOMICS MINISTRY, ACCORDING TO PRESS REPORTS, PRESENTED REVISED GNP PROJECTIONS FOR 1973. GNP THIS YEAR NOW IS EXPECTED TO EXCEED 1972 LEVELS BY 12.5 PERCENT NOMINALLY AND BY 6 PERCENT IN REAL TERMS. CONSUMER PRICES ARE ESTIMATED TO AVERAGE 7 PERCENT ABOVE LAST YEAR. THE YEAR-ON-YEAR GROWTH RATE OF GROSS INCOME FROM WAGES AND SALARIES IS PLACED AT 14 PERCENT, WHILE GROSS INCOME FROM BUSINESS AND PROPERTY IS ESTIMATED TO RISE BY 11-12 PERCENT.

2. FOR 1974, SCHLECHT PROJECTED GNP GROWTH RATES OF ROUGHLY 10 1/2 PERCENT NOMINAL AND 4 PERCENT REAL, AND A DROP OF THE YEAR-ON-YEAR RATE OF INCREASE OF CONSUMER PRICES TO "SLIGHTLY UNDER 6 PERCENT." HOWEVER, HE SPECIFICALLY REFERRED TO THESE ESTIMATES AS VERY PRE-UNCLASSIFIED

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LIMINARY, IMPLYING THAT HALFWAY RELIABLE PROJECTIONS

FOR NEXT YEAR WILL NOT BE POSSIBLE BEFORE LATE NOVEMBER
1973.

3. TURNING TO THE CURRENT BUSINESS CLIMATE, SCHLECHT
REPORTEDLY NOTED CONTINUED LIVELY ACTIVITY, WITH WAGE
AND PRICE PRESSURES SHOWING NO SIGNS OF CALMING AS YET.
DURING THE MEETING, GOVERNMENT AND BUNDESBANK
REPRESENTATIVES CAME OUT AGAINST A LOOSENING OF THE
REINS AT THIS POINT. MANAGEMENT SPOKESMEN, WHILE
POINTING OUT THAT INDUSTRY IS BEGINNING TO FEEL THE
BRAKES, AGREED THAT STABILIZATION POLICIES SHOULD
CONTINUE UNCHANGED. ALSO UNION SPOKESMEN SEEM TO
HAVE GONE ALONG WITH SCHLECHT'S ANALYSIS, NOTING
CONTINUED BOOM CONDITIONS, EXCEPT FOR THE CONSTRUCTION
INDUSTRY.
CASH

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30 JUN 2005

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